

Tax Tips for Child Care Providers and Parents

From January through April, Customer Service Representatives at the Division of Child Development receive telephone calls from child care providers and parents with questions regarding tax preparations. Below are the most frequently asked questions. Listed under these questions are helpful links to provide resources and information to child care providers and parents.

“My child attends a family child care home and I need to obtain a tax identification number to file on my taxes.”

“How can I obtain a tax identification number if my child care provider refuses to furnish a tax identification number?”

- www.irs.gov/businesses/small/industries/article/0,,id=98360,00.html
Check this site from the Internal Revenue Service for information related to obtaining a tax identification number. This site also includes information to child care providers regarding refusal to give a parent their tax identification number.

“I am a non-licensed child care provider and only care for two children. Am I responsible for reporting my income and to whom should I report this information?”

“My child care provider accepts cash for my child care tuition but does not provide receipts.”

- www.wccip.org/tax.html
This site from the Wisconsin Child Care Improvement Project, Inc. provides ten record keeping and tax tips for new child care providers.

Note: A child care provider who participates and receives payment from North Carolina’s Subsidized Child Care Program has agreed to provide parents with a receipt, which should include the dates and services covered, for parental fees as they are paid.

“Is the facility identification number the same as a tax identification number?”

- No, if you operate your child care business as a sole proprietorship and have no employees, you will use your own social security number on tax forms and receipts. If you employ anyone, or if the business is organized as a partnership or corporation, you will need to obtain an Employer Identification Number (EIN) to use in filing tax and information returns on receipts you give to parents for their fees. To apply for an EIN, use Form S S-4 available from Social Security Administration or Internal Revenue Service offices.

“As a first time child care provider, should I keep receipts from purchases that I make for my business?”

- www.redleafinstitute.org/pdf/8KeyTaxI.pdf
Check this site from the Redleaf National Institute to receive key facts regarding tax issues unique to family child care providers.
- www.redleafinstitute.org/pdf/7Rulesof.pdf
This site from the Redleaf National Institute offers tips for good record keeping.

Additional Resources:

- www.irs.gov/newsroom/article/0,,id=107656,00.html
Check this site from the Internal Revenue Service for information for family child care providers regarding meal deductions.